



N E W S R E L E A S E

Michael White-ABIA Report Bank Annuity Fee Income Down Only Slightly in 2010

FOR IMMEDIATE RELEASE – Radnor, PA, and Washington, DC, April 19, 2011 – Income earned from the sale of annuities at bank holding companies (BHCs) declined 1.8% from \$2.62 billion in 2009 to \$2.57 billion in 2010, according to the *Michael White-ABIA Bank Annuity Fee Income Report*[™].

Compiled by Michael White Associates (MWA) and sponsored by American Bankers Insurance Association (ABIA), the report measures and benchmarks the banking industry’s performance in generating annuity fee income. It is based on data from all 6,927 commercial and FDIC-supervised banks and 911 large top-tier bank holding companies operating on December 31, 2010.

Of the 911 BHCs, 386 or 42.4% participated in annuity sales activities during the year. Their \$2.57 billion in annuity commissions and fees constituted 11.1% of their total mutual fund and annuity income of \$23.23 billion and 16.2% of total BHC insurance sales volume (i.e., the sum of annuity and insurance brokerage income) of \$15.91 billion. Of the 6,927 banks, 938 or 13.5% participated in annuity sales activities. Those participating banks earned \$720.2 million in annuity commissions or 28.0% of the banking industry’s total annuity fee income.

TOP 10 BANK HOLDING COMPANIES IN ANNUITY FEE INCOME YEAR-END DECEMBER 31, 2010 Nationally							
RANK	YTD ANNUITY INCOME		PERCENT CHANGE 2009 - 2010	BANK HOLDING COMPANY	ST	ASSETS	% OF NONINTEREST INCOME
	2010	2009					
(ALL DOLLAR AMOUNTS IN THOUSANDS)							
1	\$706,000	\$678,000	4.13%	WELLS FARGO & COMPANY	CA	\$1,258,010,000	1.76%
2	\$331,000	\$253,000	30.83%	MORGAN STANLEY	NY	\$807,698,000	1.09%
3	\$259,000	\$328,000	-21.04%	JPMORGAN CHASE & CO.	NY	\$2,115,583,000	0.53%
4	\$179,383	\$251,828	-28.77%	BANK OF AMERICA CORP.	NC	\$2,261,499,723	0.33%
5	\$102,807	\$93,532	9.92%	REGIONS FINANCIAL CORP.	AL	\$132,399,290	3.50%
6	\$86,955	N/A	N/A	RBC USA HOLDCO CORPORATION	NY	\$99,150,441	3.50%
7	\$77,013	\$121,284	-36.50%	PNC FINANCIAL SERVICES GROUP	PA	\$264,414,112	1.31%
8	\$63,267	\$80,455	-21.36%	SUNTRUST BANKS, INC.	GA	\$172,875,298	1.84%
9	\$59,199	\$60,725	-2.51%	KEYCORP	OH	\$90,795,572	3.16%
10	\$56,000	\$66,000	-15.15%	U.S. BANCORP	MN	\$307,786,000	0.67%

Source: *Michael White-ABIA Bank Annuity Fee Income Report*

Valerie Barton, Executive Director of the ABIA, noted, “Our analyses of the data BHCs filed with the Federal Reserve finds that annuity fee income held up relatively well in 2010. Given the numerous surveys indicating significant drops in annuity sales in 2010, one has to conclude that more of the annuity revenues BHCs are earning are asset fees or trailer commissions, continuing or renewing streams of income that make the sellers less dependent on front-end commissions from new sales.”

Nearly three-fourths (74.7%) of BHCs with over \$10 billion in assets earned annuity commissions of \$2.43 billion, constituting 94.4% of total annuity commissions reported. This was a decrease of 2.0% from \$2.48 billion

in annuity fee income in 2009. Among this asset class of largest BHCs, annuity commissions made up 10.6% of their total mutual fund and annuity income of \$22.88 billion and 16.2% of their total insurance sales volume of \$15.03 billion, the highest proportion of insurance sales volume of any asset class.

BHCs with assets between \$1 billion and \$10 billion recorded an increase of 1.9% in annuity fee income in 2010, rising from \$120.8 million in 2009 to \$123.2 million and accounting for 36.1% of their mutual fund and annuity income of \$340.9 million, the highest proportion of investment sales of any asset class resulting from the movement of mutual fund manufacturer Franklin Resources (CA) to the largest asset class. BHCs with \$500 million to \$1 billion in assets generated \$22.2 million in annuity commissions in 2010, up 0.9% from \$22.0 million the year before. Only 33.9% of BHCs this size engaged in annuity sales activities, which was the lowest participation rate among all BHC asset classes. Among these BHCs, annuity commissions constituted the smallest proportion (13.0%) of total insurance sales volume of \$170.3 million.

Wells Fargo & Company (CA), Morgan Stanley (NY), JPMorgan Chase & Co. (NY), Bank of America Corporation (NC), and Regions Financial Corporation (AL) led all bank holding companies in annuity commission income in 2010. Wells Fargo and Bank of America and PNC benefited from their respective acquisitions of Wachovia Corp. and Merrill Lynch. Among BHCs with assets between \$1 billion and \$10 billion, leaders included Stifel Financial Corp. (MO), Hancock Holding Company (MS), and National Penn Bancshares, Inc. (PA). Among BHCs with assets between \$500 million and \$1 billion, leaders were First American International Corp. (NY), CCB Financial Corporation (MO) and Ironhorse Financial Group, Inc. (OK).

The smallest community banks, those with assets less than \$500 million, were used as “proxies” for the smallest BHCs, which are not required to report annuity fee income. Leaders among bank proxies for small BHCs were The Hardin County Bank (TN), Sturgis Bank & Trust Company (MI) and FNB Bank, N.A. (PA).

Among the top 50 BHCs nationally in annuity concentration (i.e., annuity fee income as a percent of noninterest income), the mean Annuity Concentration Ratio was 12.9%. Among the top 50 small banks in annuity concentration that are serving as proxies for small BHCs, the mean Annuity Concentration Ratio was 16.5% of noninterest income. Among the top 50 BHC leaders in annuity productivity (i.e., annuity income per BHC employee), the mean Annuity Productivity Ratio was \$3,007 per employee. Among the top 50 small banks in annuity productivity, the mean Annuity Productivity Ratio was \$4,298 per employee.

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The American Bankers Insurance Association (ABIA) is the separately chartered insurance subsidiary of the American Bankers Association (ABA) and is the only Washington, D.C.-based full service association for bank insurance interests. The ABIA’s mission is to develop policy and provide advocacy for banks in insurance and to support bank insurance operations through research, education, compliance-assistance and peer group networking opportunities. ABIA Membership consists of banks, and their affiliated agencies, insurance companies, marketing, and administrative services suppliers, non-bank lending organizations and other firms involved in the bank affiliated insurance industry. Additional information on the ABIA can be found at www.theabia.com.

Michael White Associates (MWA) is a bank insurance consulting firm headquartered in Radnor, PA, and at www.BankInsurance.com. The annual *Michael White-ABIA Bank Annuity Fee Income Report*[™] and *Michael White-Prudential Bank Insurance Fee Income Report*[™] provide, respectively, comprehensive analyses of bank insurance brokerage and bank annuity commission income. Additionally, the *MWA Fee Income Ratings Reports*[™] compare, rank and rate a particular financial institution’s insurance or other noninterest fee income program nationally, regionally, statewide and in its asset-peer group. Copies of MWA reports can be ordered by calling (610) 254-0440, or by visiting www.BankInsurance.com.

For additional information contact:

Michael White
Michael White Associates, LLC
823 King of Prussia Road
Radnor, PA 19087
Phone: (610) 254-0440
Email: MWA@BankInsurance.com

Valerie Barton
American Bankers Insurance Association
1120 Connecticut Avenue, NW
Washington, DC 20036
Phone: (202) 663-5072
Email: vbarton@aba.com